18 CONCLUDING CHAPTER
THAILAND AND ITS CURRENT STANDING IN EAST AND SOUTHEAST ASIA

1. Introduction

Most of the papers in this volume were written during the period of ten years between 1996 and 2005. This was the period that I, the author of this book, was actively engaged in various activities related to East Asian and Pacific affairs. In 1995 I was appointed Director of the Institute of East Asian Studies (IEAS), Thammasat University, after returning from a 4-year stint as Senior Research Fellow at the Research School of Pacific and Asian Studies (RSPAS), Australian National University (ANU), and began my official duties as administrator of this research organisation specialising in East Asian studies, especially Japan, China, and Korea for almost two terms (five and a half years) until the year 2000. During these periods at Thammasat, I was able to win a competition from the Ministry of University Affairs of the Thai government to set up (national) APEC Study Center for Thailand at Thammasat University, and I was appointed the Founding Director of this Center. In 1997, Thailand suffered its first major international economic crisis which resulted in concerted financial assistance from Asia and Pacific governments and organisations as Japan, the US, and the International Monetary Fund. In 1998, I also received a three-month, Fulbright Fellowship to do research at the Graduate School of Pacific and International Studies, University of California at San Diego, and cooperated with Professor Richard E. Feinberg, Director of the APEC Study Center of this university, to set up the APEC International Assessment Network (APIAN), a collective, independent, think-thank among APEC Study Centers that track and assess the designs and executions of selected APEC initiatives.

In 2000, I resigned from directorship at IEAS to accept a research fellowship at the Center for Southeast Asian Studies at Kyoto University, to work on APEC issues. In 2000 also, the Thai government, through its Ministry of Foreign Affairs, nominated me as candidate for the Chair of APEC SOM Subcommittee on Economic and Technical Cooperation (ECOTECH). I won and served in this official post in the APEC organisation for two years, and was very active in pursuing the APEC ECOTECH activities (as shown in Part II of this volume) until my 2-year term was over after the APEC Summit in Shanghai at the end of 2001. For the next two years, 2002 and 2003, I was appointed the first Chair of Community Building Forum of the Pacific Economic Cooperation Council (PECC) whose secretariat is based in Singapore. Only when the Ministry of Foreign Affairs ended its policy to support a non-MOFA official to work in these regional organisations in 2004, I left my 10 years' concentrated roles in East Asian and Pacific activities and returned to my normal

teaching and research activities at the Graduate School of Economic Development at NIDA.

From this short introduction above, it may be seen that my experiences between 1996 and 2005 had helped shape my visions and perspectives concerning the role of Thailand in the East Asian and Pacific affairs. In this Concluding Chapter, I will be able to summarise the ideas and objectives behind chapters in Part I, II, and III of this volume with a focus on how I perceive the role of Thailand in the East Asia and Pacific context, that is how Thailand behaved and performed as a member of this international community, and how Thailand exerted its influence and positions on matters related to APEC, PECC, ASEAN, and multilateral cooperation such as in the World Trade Organisation (WTO) operational structures as well as bilateral cooperation in the form of free trade agreements (FTAs). This will be done in Section 2.

Once this is done, it should be clear where and how Thailand had stood for in its role a member of East Asian and Pacific community. What has happened in Thailand and the world since 2006 have redefined the relative roles of Thailand and its standing especially in its East and Southeast Asian areas such that the status of, and the perception concerning, Thailand has changed quite a bit. It is, therefore, appropriate that I take a look at present-day Thailand and try to compare its various socio-economic characteristics with other comparable countries in East and Southeast Asia. Several socio-economic, political, and juridical indicators will be selected to represent these comparative standings of Thailand. This is done in Section 3.

Finally, Section 4 offers my concluding view on Thailand at its critical juncture to move forward politically in the aftermath of a military intervention that turned the country into an undemocratic political and economic system. Certainly this is not the end of the road yet, but the prognosis in this volume should be useful in understanding and evaluating future occurrence and events in Thailand.

2. The Ideas Behind the Volume

This volume begins with Chapters 1 and 2 in Part I that touch on two aspects related to the Thai economic crisis that broke in 1997. One is on the role of Japan and the US in helping Thailand cope with the crisis, and the other is the economic and social consequences of the crisis in Thailand as well as in other countries in the region, especially in Indonesia and South Korea. In the first chapter, both Japan and the US had contributed greatly to the economic development of Thailand: the US in providing the capitalistic development framework, and Japan with development funding through foreign direct investment. The contributions from these two economic superpowers had helped Thailand attain the status of NIE in mid-1980s. However, several local institutions were not developed enough to cope with rapid economic liberalisation in

and around Thailand leading to abuses in the systems such as over-borrowing overseas, too much short-term debts, over-spending in non-productive activities, lack of adequate regulations and supervision in the financial sector, conflicting exchange rate and currency policies, lack of economic leadership, and so on.

During the crisis, both Japan and the US had proven once again economic benefactors in their coming to the rescue of Thailand. But this time, Japan had shown a much more involved and devoted assistance than the US. It is true that Japan had a greater economic stake in Thailand and therefore is more inclined to protect its economic interests and position, but the manner in which the Japanese help came about was genuine and sincere, and went beyond a mere economic calculation of losses and gains. On a brighter side, this crisis has taught Thailand to keep its cordial relations with old friends and partners who can come to help in time of need.

The story about how Thailand, Indonesia and South Korea, coped with their problems as a result of the crisis is told in some comparative details in Chapter 2. Here, it was obvious that the onset of the crisis came from a similar financial mismanagement and lack of prudential integrity. So, once the confidence in the financial viability of the country is broken following a series of dismal economic performances, sudden capital outflows resulted in exchange rate disruptions and short-term financial operations. Although these are short-term effects, the impacts on economic production, prices, and employment can be very severe, as evidenced in these three countries. However, since all three countries relied on open-market systems as their economic frameworks, the ways out of the economic crisis are quick, with the governments providing necessary social safety nets functions. Under a more government-controlled economic management system, the recovery probably would not be as quick. A lesson is learned.

Part II deals specifically with the APEC issues, especially issues concerning the institutional and policy supports of the economic and technical cooperation in APEC. It is well known that APEC is an organisation that supports trade liberalisation and facilitation in the Asia Pacific region, and economic and technical cooperation is another function (or the third pillar in the 3-pillar analogy that support the working mechanisms of APEC) that was inserted into the APEC framework later. This had created both opportunities and threats in the eyes of some APEC members. It was seen as opportunities because this ECOTHEC function could help APEC members attain their free trade liberalisation and facilitation (TILF) goals faster and more efficiently, but it is also seen as threats because attention might be diverted to areas outside the main focus of trade liberalisation and facilitation. As it so happened, I was a believer of the beneficent role of ECOTECH supporting the TILF function of APEC, as well as its own merits of transforming less-developed APEC members into more equal trading

partners, and had received support from the Thai government to chair this ECOTECH Subcommittee for two years (in the year 2000 and 2001, and another two years in a similar function as Chair of Community Building Forum in PECC), I had a great (but difficult) time doing my job in this world organisation.

As can be seen (and read) from Chapter 3 to 8, I set up my own task of building up framework of a new ECOTECH understanding from its formative ideas in 1997 and its eventual establishment of the SOM Subcommittee on ECOTECH (ESC) in 1998. The main ideas were to convince all APEC members of the importance of ECOTECH activities and accept them as a worthy counterpart of TILF. Then I had to devise various schemes and inventions that show such an effect. Two notable subsequent events happened during my ESC chairmanship worth mentioning are the agreement to adopt human capacity building as the ECOTECH thematic issue starting from 2000, and the agreement and adoption of Individual Action Plan (IAP) as a means to implement this thematic ECOTECH activity from 2001 onward. Because the actions among APEC members are based on voluntarism and non-coercive consensus, any APEC member who is not cooperative, can wreck havocs to the whole initiative. To me, this was the most feared occurrence. Luckily, even the most outspoken member who opposed to the ECOTECH-IAP at first, had turned cooperative a year later. To me again, this was the achievement that I was very proud of, and it went a long way to prove my inner belief in the important three elements of APEC consisting of (1) the spirits of APEC where voluntary and unilateral trade liberalisation are basic institutional principle, (2) APEC's spiritualism which is a belief in free trade system, and (3) APEC's Esprit de Corps which generate cooperation among members (See Chapter 7, How to Succeed in ECOTECH With(out) Really Trying).

After I left my active involvements with APEC in 2005, I have lost track of how ECOTECH has fared between 2005 and now (2017). On checking with the latest development of ECOTECH activities from APEC documents prepared for the 2017 APEC Summit in Danang, Vietnam in November 2017, I have discovered that after the change of the status of and the SOM ECOTECH Subcommittee to a committee level in 2002, it was changed again to SOM Steering Committee on ECOTECH (SCE) with an enhanced mandate to strengthen the prioritisation and effective implementation of ECOTECH activities by various APEC fora. The new structure and mandate of SCE is shown in Box 1. [1]

[1] I must say that, while this new structure and mandate is an improvement over the situations in 2005 when I left APEC, the 'improvement' during the last 12 years does not seem to be too impressive. Probably this has gone to prove a point I was trying to make in my papers in this Part II that it is hard to reach an agreement in a consensus-based international organization like APEC. However, the fact that all leaders of APEC member economies came to the 2017 APEC Summit in Danang despite no newsworthy agreements, can be looked upon as an expression of interest and the attached importance from these world leaders.

In Part III of this volume I continue to address either the position of Thailand in East Asian and international context or my own perception of Thailand as a market-based economy and a trusted member of world community. This is clear in Chapter 9 when I address the issue of how a new group of ASEAN members (the CLMV or Cambodia, Lao PDR, Myanmar, and Vietnam) could follow the economic philosophy and practice of Thailand. In Chapter 10, I further look at similar situations in the Greater Mekong Subregion which include countries or part of the country that lie along the Mekong River. In Chapter 11, I embark on the broad analysis of the origins of development in countries in East Asia. This was one of the most difficult papers that I have written in my professional career because I have to take into account more than ten countries with different histories and characteristics, and have to find some common grounds that can be used to understand these East Asian economic developments. My contribution of the importance of "turning points" of development, though experimental, should provide a basis for a future discussion and debate on the causes and patterns of economic development of many developing countries in the world. I end this Part III with a few more chapters on different forms of regional cooperation and free trade agreements (FTAs).

3. Thailand at Present—A Comparative Picture

Twelve years on since the last paper in this volume was written in 2005, Thailand has changed a lot but I must say that it is the change for the worse. In 2005, I also wrote another paper entitled "The Thai Economy in 2005: Facing an Uncertain Future?" (See Medhi 2009) which I cast my doubt on the future of the Thai economic development. To me, 2005 was the year of the peak of power of Dr Thaksin Shinawatra, the Thai Prime Minister whose party won the largest majority in the Thai history in the general election a year earlier, and he started to decline. Although his single party had an absolute majority in the parliament, his political success began to unravel in the form of economic scandals and political misconducts that substantially eroded his authority and power to govern. The last straw came in early 2006 when he sold the entire securities holding of his company to a state company in Singapore and using a loophole in the Thai tax system to avoid paying any income tax. Political conflicts that ensued resulted a dissolution of the parliament and a new general election which ended in failure and the country became stuck in court cases and legal litigations. The chaos and turmoil led to a military intervention in September 2006, and his government was toppled and replaced by an interim ad hoc military-backed civilian government. A new constitution was drafted quickly and announced within a year and a half, and a new election was called in late 2008. Although Dr Thaksin's party again won the general election and was able to form a new democratic government, the political conflicts were not solved, and political chaos and turmoil continued. When the Democrat Party, the opposition party, won the support of renegade party of Dr Thaksin's coalition to form a new government in late 2008, political conflicts

switched side, eventually ended in the government crackdown of the protest in May 2010 which resulted in a number of deaths. A new election in 2011 saw another victory of Dr Thaksin's party, this time with his sister, Ms Yingluck Shinawatra as the leader and the next prime minister. Several dangerous policies of her government, especially the rice subsidy policy that cost the country huge losses, brought another huge and persistent political protests and conflicts. Again, the military intervened to avoid another bloodshed, and installed itself a military government in May 2014 where it remains in power today. Although a new constitution of 2017 has already been enacted, and a new election is scheduled some time next year (2018), the trouble does not seem to die down yet, and this is something I would like to discuss in this section.

In a nutshell, Thailand has changed from a promising 'Fifth Tiger' of East Asian Economic Miracle in the early 1990s (following the four 'Tigers' that had attained the status of newly industrialised economies or NIEs earlier, namely Hong Kong, Singapore, South Korea, and Taiwan), to a country that started a regional economic crisis in 1997, a massive political polarisation in the early 2000s, a decade of unending political conflicts in mid-2000s, and an uncertain political future today.

But to have a cursory judgment on the current status of a country without concrete statistical evidence could be unfair. So, I took a task of finding out some statistical indicators that show Thailand's standing in the world community at present, and compare them with those of selected East and Southeast Asian countries of comparable size or level of development, in order to see how Thailand has performed in the last several years. There are of course close to a hundred indicators that depict the comparative status of a country in the world community, [2] but I would only choose four groups of more well-known and more prevalent ones. These four groups of indicators are:

1. Development Indicators consisting of Human Development Index of the United Nations Development Programme (UNDP) and Global Competitiveness Index of the World Economic Forum (WEF);
2. Transparency Indicators consisting of Corruption Perception Index (CPI) by Transparency International (TI) and the Control of Corruption Index in the Worldwide Governance Indicators by the World Bank;
3. Democracy Indicators consisting of Index of Democracy by the Economist Intelligence Unit (EIU) and the Freedom in the World Index by Freedom House Organisation; and
4. Justice Indicator consisting of Rule of Law Index and Factors Determining Rule of Law Index by the World Justice Project (WJP).

And the selected East and Southeast Asia to be used in this paper are China, Japan, and South Korea in the first group, and Indonesia, Malaysia, the Philippines, Thailand, and Vietnam in the second group.

[2] See, for example, List of International Rankings in Wikipedia.

As mentioned earlier, in Chapter 11 of this volume entitled The Political Economy of Growth in Developing East Asia: A Thematic Paper, I have described and analysed the patterns of growth of most East Asian economies from the post-war period to the end of the 20th century. The readers of this chapter should be informed about how the growth of these countries and economies started and continued in their development paths, and can make a relative comparison among these countries. For example, we all know that Japan was the first industrialised, and most developed, economy in East Asia in the post-war period, to be followed by the 'Four Tigers' countries mentioned above in the late 1970s, and the so-called ASEAN-4, namely Indonesia, Malaysia, the Philippines, and Thailand which aspired to follow suit in the 1980s. The remainder countries in Southeast Asia were even grouped in what is known in the previous United Nations classification as 'Least Developed Countries'. We can now compare these countries using Tables 1 to 8 in this paper.

Tables 1 and 2 show two aspects of development, the overall, critical human development as shown by the Human Development Index (HDI) and the combined macroeconomic and microeconomic performance as shown by the Global Competitiveness Index (GCI). From Table 1, it may be seen that in 1990, HDI of Thailand at 0.574 was lower than that of the Philippines at 0.586 but greater than Indonesia and China. In 2015, 25 years later, Thailand has surpassed the Philippines, but with China catching up to almost the same level of human development. In this regard, Thailand is doing reasonably well in Southeast Asia but not as well as China. Philippines seems to be the worst performer of all in the region, with HDI in 2015 even lower than that of Indonesia and Vietnam. However, since inequality in Thailand is greater than most countries in the list, the inequality-adjusted HDI had made the situation in Thailand worse than that of China, which, overall, is doing very well in in IHDI (even better than South Korea).

As an open market economy, Thailand should do well also in global competitiveness. This is true as seen in Table 2 where 12 elements or conditions of the country are used to rank the overall competitiveness of the country. In 2017/2018 where the latest Global Competitiveness Index (GCI) is available, Thailand's GCI was 4.72, higher than most other selected ASEAN countries, but lower than Malaysia, South Korea and China. The comparison with China is, again, very interesting. China is a socialist economy that adopts mainly capitalistic ways of economic development which relies on price and production competition. China's GCI is 5.00 in 2017/18, higher than that of Thailand, and ranks 27 compared to Thailand's rank of 32. In all, Thailand is not doing too badly economically, but paled by comparison with the overall performance of China.

In the second set or series of indicators where anti-corruption achievements are used to rank the transparency situations of these countries in the list, Table 3 has shown that China, despite its being traditionally perceived as a highly corrupt country, is doing quite well in its efforts to rid the country of this lack of transparency image. And although the rank of 79 in 2016 is still far below the top rank transparent country, Denmark, China's rank has improved from 100 in 2014 and 83 in 2015. All other countries in East and Southeast Asia in the list are also doing well in their improvements of the CPIs. Only Thailand is the worst performer in this regard, with the CPI dropping to 35 in 2016 from 38 of the year earlier, and the rank worsen from 76 to 101. Thailand's CPI in 2016 is now worse off than that of Indonesia, which in 2006 ranked 73 places below Thailand, and now excels over Thailand in 2016.

The general picture on the lack of governance and transparency in Thailand is confirmed in Table 4 which shows the World Bank's Worldwide Governance Indicators from 2006 to 2016. The Control of Corruption Index in this series ranges from +2.50, the most successful control of corruption to -2.50, the least successful control of corruption. Worldwide average is of course zero, which Thailand has never achieved. The index for Thailand is always in the negative region. In the last 10 years before 2014, the Control of Corruption Index for Thailand averaged about -0.34. In the last 3 years, from 2014 to 2016, however, the index had worsened to the average of -0.45, with the highest level of (lack of) control of corruption in 2015 at -0.49. Again, China and Indonesia have shown to do better than Thailand in their control of corruption in 2016. Even Vietnam whose index is more than twice lower than that of Thailand in 2006 (-0.74 for Vietnam compared to -0.34 for Thailand), had improved its control of corruption to -0.40, the same level of Thailand, in 2016.

The third group of indicators is on democracy development. Two indicators are chosen here: the Index of Democracy by the Economist Intelligence Unit (EIU) and the Freedom in the World Index by Freedom House Organisation. In Table 5, which shows the Index of Democracy of the eight countries including Thailand, we can see that the status of democracy according to the framework of the EIU in the eight East and Southeast Asian countries is compared between two years, in 2007 and 2016. In both years, Thailand is classified as Hybrid Regime in the Type of Democracy which is one rank better than the worst form of democracy in this set up (the worst is Authoritarian Regime). This can be looked upon as a consolation in spite of the fact that Thailand has been governed by an unelected military government since May 2014. The same was true in 2007 when another unelected, military-backed government also ran the country. The only two countries with Authoritarian Regime status are China and Vietnam, whereas all the rest were classified as Flawed Democracy (even Japan and South Korea in 2016). It is obvious that full democracy in the Western framework and concept is hardly practised in East and Southeast Asia.

Apart from this overall description of the type of democracy, the EIU also shows the level of democracy in an index which ranges from 0, complete lack of democracy to 10, full democracy. From Table 5, it may be seen that, in 2016, Japan has the highest score of 7.99, followed by South Korea with 7.92. Thailand's Index of Democracy in 2016 is 4.92 which is lower than those of other ASEAN countries in the list, except for Vietnam which is classified as Authoritarian Regime. This score is lower than the one for 2007 (at 5.67), indicating obviously that the level of democracy in Thailand fell between 2007 and 2016. Also as Authoritarian Regime, China has the lower score of 3.14 in 2016, which is understandable, but it shows a slight improvement in democracy from the level of 2.97 in 2007.

This Index of Democracy shown in Table 5 is a composite score that is derived from five conditions that define full democracy. These five conditions include (1) electoral process and pluralism; (2) the functioning of the government under democratic agreements and processes; (3) existence of political participation; (4) development of political culture; and (5) existence and practice of civil liberties. A series of questions are prepared for each of these conditions, and the responses will generate scores that measure the comparative extent of democracy. For example, the score for electoral process and pluralism is highest at 9.17 for South Korea and the Philippines in 2016, whereas Thailand has the score of 4.50, and China and Vietnam have the same score of zero on this condition of democracy. And so on.

Table 6 shows another result of democratic development of Thailand and other selected East and Southeast Asian countries. This time it is the Freedom in the World Index produced by the US-based Freedom House Organisation. With a definition of democratic freedom that is narrower than that of the EIU's Index of Democracy, the Freedom in the World Index, however, shows a similar result. For example, the aggregate score that reflects popular representation (PR) and civil liberties (CL) is highest for Japan at 96 in 2017, followed by South Korea at 82. The score of Thailand is quite low at 32, compared with 44 of Malaysia, 63 of the Philippines, and 65 of Indonesia. Again, only China and Vietnam have lower Freedom in the World aggregate scores than Thailand, and the three countries together, China, Thailand, and Vietnam, are the only countries in the list that are classified as 'Not Free' in Freedom Status.

Finally, Tables 7 and 8 show the result of the Justice Indicators from the surveys for the Rule of Law Index by the US-based World Justice Project (WJP). In order to measure the existence of the rule of law which is one of the most important conditions of sustainable development of any country, the researchers of the WJP drew up a list of 8 conditions or factors that define or determine the existence of the rule of law. These 8 conditions or factors are:

1. Constraints on Government Powers;

2. Absence of Corruption;
3. Open Government;
4. Fundamental Rights;
5. Order and Security;
6. Regulatory Enforcement;
7. Civil Justice; and
8. Criminal Justice

In Table 7, the weighted average of all measures of these eight conditions or factors is shown as the Rule of Law Index with the score ranging from 0, complete lack of the rule of law, to 1, the most desirable state of the rule of law. In 2016, the Rule of Law Index for Thailand is 0.51, the same with the Philippines and Vietnam, but behind Indonesia and Malaysia. Japan and South Korea of course have the highest Rule of Law Index of 0.78 and 0.73, respectively, and China, as one might expect, has the lowest Rule of Law Index among the group. As for its global rank, Thailand ranks 64 in 2016, dropping 8 places from the global rank in 2015. In Table 8, the scores and ranks of all 8 factors determining the overall rule of law for all selected countries are shown. Here we can examine the performance of each country with regard to each particular factor such as constraints to government powers (Factor 1), or Absence of Corruption (Factor 2), and so on. For example, Thailand ranks quite low on Constraints on Government Powers (only China ranks lower), reflecting a relatively greater tendency for the government to abuse or overstep its power. Its rank on Fundamental Rights (at 88) is also quite low, but the rank on Regulatory Enforcement (at 56) is best.

In all, it seems from these 8 tables that Thailand is only doing well with regard to its economic development as measured by Human Development Index and Global Competitiveness Index, while the performances in the other three groups of indices, anti-corruption efforts, democracy status, and existence of the rule of law are weak in comparison with other comparable countries in East and Southeast Asia. Thailand has now become a new 'Sick Man of Asia'. And unless we see normal political development in Thailand in the next year or so, this sickness is likely to continue.

4. Where Are We Heading?

As I said earlier, most papers in this volume were written in the decade that started around mid-1990s, and ended around mid-2000s. These were great years for Thailand, but it is unfortunate that we had experienced what I would call 'The Thaksin Phenomena' which brought all the excitements and promises to most Thai people in the beginning in the year 2001, but had gone awry and turned bad. To me, these were the major causes for all the economic, political, and social ills of Thailand in the last ten years. It is the 'Lost Decade' that virtually stops Thailand from meaningful growth and development.

Who is, or are, to blame for this? Certainly, Dr Thaksin himself must take some of the responsibilities, but others must also share these responsibilities. Despite his good intentions for the Thai people, Dr Thaksin violated the most fundamental rule of public good governance the first day he became a political office holder, that is, to commit conflict of interest between personal gains and public duties. He should not have been allowed to remain in his political office when he was found to have concealed his wealth ownership and management in contravention of the existing law when he became the country's prime minister in 2001. But then the judgment to allow him to stay in power came from the 15-member Constitutional Court decision with a single majority vote in his favour. In this case, this Court must be responsible for all the goods and bads that come with Dr Thaksin 10 to 15 years down the line as well.

This is not the place to discuss the goods and bads that Dr Thaksin had contributed to his country; I have done many of these discussions and analyses elsewhere. [3] Suffice it to say that these Thaksin Phenomena had polarised Thailand into passionate Pro-Thaksin and Anti-Thaksin factions with little else in between. These two factions, in different names, guises, forms, and occasions have fought it out in various 'battle fields' to the serious detriments and damages of the country. And no end is in sight yet.

To me at least, the military coup that toppled Dr Thaksin's government in 2006 was unnecessary as the political situations surrounding Dr Thaksin's government in the latter part of 2006 had become untenable to a functioning government, and a regime change was inevitable. And this could take place within a normal political and/or judicial frameworks. The situations in 2014 when the Yingluck government was already judicially removed from office were similar in that judicial solutions could be, and should be, allowed to continue to work instead of a military intervention. But while military rationale is reasonable and indeed acceptable at the time, political development in the post-coup periods from May 2014 to the present is something that does not auger well for Thailand in its international standing.

There are several reasons why the present military government under General Prayuth Chan-Ocha is not doing something right. First, unlike most other governments in the post-coup periods which were normally civilian-based but with the military providing political support in the background, Prayuth's government is truly military government when various military people have left their military expertise and become politicians and public administrators. Three years in power, military personnel can be found, not just in political positions, but in many government and public offices and administration as well. This is of

[3] See, for example, Medhi (2001, 2002, 2004, and 2013). The conference papers and research report written in 2002, 2004, and 2013, are being published in a volume entitled "Reflections of the Thai Economy and Society", by the Graduate School of Development Economics, National Institute of Development Administration (NIDA), 2018.

course unnatural and inefficient, and could hurt political culture and participation of Thailand or Thai democracy in the future. Second, the military government already stays in power for too long. They did not have to rush for the political change like the 2006 post-coup situations, but the intention must be to leave the power as quickly as possible rather than to prolong in power as long as possible. To me, the decision to enact law to force strategic planning for the country 20 years ahead was unnecessary and without much meaningful merits. A market-based economy like Thailand does not need this kind of economic planning, as an astute adherence to non-distortionary market principles and only necessary social public-welfare interventions would be enough as guiding principles. The right or correct answer the question about political future of Thailand is not to weaken any branches of governance or government, but to design a system that allows each branch to perform its role efficiently and effectively, within strong conditions of checks and balances in the principle of the separation of powers. Third, the general economic policy of this government has a ring of marketing-oriented, populist-leaning flavour similar to the Thaksin's regime decade earlier. This is for a palliative, not long-term, solution to the economic problems of the country.

This view of mine could be in a minority, as even the World Bank which is a neutral and trusted development organisation is happy about the present policy of the Thai military government (See Box 2). There are detractors and critics of the present Thai government of course, and they should be listened to. For example, Thomas Fuller of the New York Times who worked for many years in Thailand, wrote in November 2015 that despite its booming tourism, Thailand is in a rut where its economy is moribund and Thai households are among the most indebted in Asia (Fuller, 2015). He further said that:

> "Thailand was once the torchbearer of freedom and prosperity in Southeast Asia — a center of commerce for Indochina, a bastion of free expression and a home for refugees from neighboring countries, which for years Thais saw as war-ravaged basket cases. But these days when Thais look to their neighbors, they feel envy, not pity".

We can only hope that the new election scheduled in late 2018 will return Thailand to its normal route of the country's economic and political development. Anything less than this is certain to condemn Thailand to remain in the depth of its development quagmire.

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Box 1: SOM Steering Committee on Economic and Technical Cooperation

APEC members engage in economic and technical cooperation to facilitate the development and implementation of measures that promote trade, investment and sustainable growth, bridging gaps in their level of development and available resources.

The APEC Senior Officials' Meeting (SOM) Steering Committee on Economic and Technical Cooperation (SCE) coordinates and manages the APEC members' economic and technical cooperation (ECOTECH) agenda, which is outlined in the Osaka Action Agenda. In 1996, an APEC Framework for Strengthening Economic Cooperation and Development was adopted to guide members in implementing the Osaka Action Agenda.

The objectives of the SCE are to

- Support implementation of APEC's ECOTECH activities by prioritizing work based on the commitments made by Leaders' and Ministers, and overseeing the work of APEC fora
- Provide policy guidance on ways to contribute to APEC's ECOTECH goals
- Coordinate ECOTECH objectives and priorities between the APEC Economic Leaders' Meeting and the APEC ministerial meetings

In 2010, Senior Officials endorsed a new Framework to Guide ECOTECH Activities for APEC-funded capacity building and all ECOTECH activities. This framework adopted a holistic approach by

- Revising APEC ECOTECH priorities
- Introducing a uniform set of criteria for all project funding, where funding is based on the link between proposals and APEC’s core objectives

Within this framework, the following medium-term ECOTECH priorities are established for the period of 2015-2019:

Cross-cutting priorities

- Developing human capital through capacity building
- Developing and strengthening the dynamism of SMEs

- Harnessing technologies for the future and supporting innovation
- Inclusive growth—addressing the social dimension of globalization, health, gender

Workstream priorities

- Regional economic integration
- Structural reform
- Safeguarding the quality of life through sustainable growth
- Human security

These medium-term priorities will be reviewed again in 2019.

Additional Background on SCE:

The SCE was first established as the SOM Sub-Committee for Economic and Technical Cooperation in 1998. In 2002, the sub-committee was elevated to the SOM Committee on Economic and Technical Cooperation. In 2005, the ESC was strengthened and transformed into the SOM Steering Committee on ECOTECH (SCE).

In 2012, the SCE conducted an internal review of its working mechanisms and new terms of reference was endorsed and reconfirmed in 2016.

Last page update: 25 July 2017

Current Activities

Development of a new system to assess SCE Fora

In 2016, the SCE decided to develop a new system to assess SCE fora. This new system will develop a detailed standardized program for assessments in 2017, which covers but is not limited to

- A set of indicators to assess the performance and governance of the fora
- A survey questionnaire template
- A possible scope of survey
- A list of useful information and data for the assessment
- The methodology of processing such data
- A reporting template

The annual assessments of 2018 will be conducted by an assessment team comprising the representatives from the preceding, current and next year's SCE chairing economies—as well as any other volunteering economies and with assistance from the Secretariat. Assessments will be based on the data and information produced through the standardized program for a group of SCE sub-fora, pursuant to their terms of reference and the decisions of the SCE.

The SCE expects strengthened follow-ups on recommendations by the assessment team. An optional comprehensive fora review after a full cycle of assessments of all fora will also contribute to the sound management of the whole organizational structure of the SCE's subfora.

The APEC Secretariat has engaged a contractor to develop the standardized system. Their work plan was approved by the SCE during its first meeting in March.

Promotion of cross-cutting agenda

The SCE and the APEC Secretariat have been facilitating cross-fora collaboration through the SCE Committee of the Whole (COW), through the Lead-Shepherds and Chairs' Meeting, through a cross-cutting map of initiatives, and through identifying areas to create synergies for cooperation.

The SCE has continued its exploration of additional measures to promote such collaborations. These efforts came to fruition when the third meeting of the SCE decided to take concrete steps to promote cross-cutting agendas such as

- The more efficient use of SCE COW gatherings
- The promotion of various IT facilities
- A request for considering premiums for cross-fora projects
- The continued encouragement of cross-fora meetings and cross-fora participation

The SCE and the SOM also extended the mandate of the Mainstreaming Ocean-related Issues Steering Council by two more years, till 2018.

Source: APEC Secretariat Office

Box 2: World Bank's View on Current State of Thai Economy

- Over the last four decades, Thailand has made remarkable progress in social and economic development, moving from a low-income country to an upper-income country in less than a generation. As such, Thailand has been one of the widely cited development success stories, with sustained strong growth and impressive poverty reduction, particularly in the 1980s.

Thailand's economy grew at an average annual rate of 7.5% in the boom years of 1960 to 1996 and 5% following the Asian financial crisis during 1999-2005, creating millions of jobs that helped pull millions of people out of poverty. Gains along multiple dimensions of welfare have been impressive: more children are now getting more years of education, and virtually everyone is now covered by health insurance while other forms of social security have expanded. After average growth slowed to 3.5% over 2005-2015, with a dip to 2.3 % in 2014-2016, Thailand is now on the path to recovery. Growth is projected to reach 3.5% in 2017 and expand further to 3.6% in 2018.

Poverty declined substantially over the last 30 years from 67% in 1986 to 7.2% in 2015 during periods of high growth and rising agricultural prices. However, poverty and inequality continue to pose significant challenges, with vulnerabilities as a result of faltering economic growth, falling agricultural prices, and ongoing droughts. As of 2014, over 80% of the country's 7.1 million poor live in rural areas. Moreover, an additional 6.7 million were living within 20% above the national poverty line and remained vulnerable to falling back into poverty. Although inequality has declined over the past 30 years, significant and growing disparities in household income and consumption can be seen across and within regions of Thailand, with pockets of poverty remaining in the Northeast, North, and Deep South.

The rate of economic recovery and reigniting growth will depend on how fast Thailand can address structural constraints to growth, while promoting inclusion. There are opportunities in the horizon, including improving the business regulatory environment, expanding trade through enhanced integration with the global economy, bolstering growth by implementing transformative public investments to crowd-in private capital, stimulate domestic consumption, and improving quality of public services across the entire country. This will support a resumption of a higher, more balanced, growth path that eliminates poverty and boosts shared prosperity for all citizens.

Thailand has laid out its long-term economic goals in its 20-Year National Strategy (2017 – 2036) for attaining developed country status through broad reforms. The reforms address economic stability, human capital, equal economic opportunities, environmental sustainability, competitiveness, and effective government bureaucracies. Recent reforms include the implementation of large multi-year public infrastructure projects related to dual tracking of railways, regulatory reforms aimed at improving ease of doing business, setting up the State Enterprise Policy Committee to improve state-owned enterprise governance, the transfer of supervisory oversight of specialized financial institutions to the Bank of Thailand, the approval of progressive inheritance and property taxes, and the launch of the National Savings Fund, a retirement safety net for informal workers.

Going forward, the sustained pace and quality of reforms, as well as sound implementation, will be crucial for translating the reform effort into the desired economic outcomes. Reversing the relative erosion of competitiveness, improving effectiveness of the public sector, and improving education and skills will be particularly important to take Thailand out from middle to high income status. The World Bank supports of the reform agenda.

Source: World Bank, Bangkok Office, Overview, last update September 2017.

Table 1: Human Development Index of Selected East Asian Countries

Country	Year					Annual rate of HDI Improvement			Inequality-A HDI (IHDI)	
	1990	2000	2010	2015	Rank 2015	1990 - 2000	2000-2010	2010-2015	Score	Ove ll Los (%)
East Asia										
China	0.499	0.592	0.700	0.738	90	1.72	1.70	1.05	n/a	n/
Japan	0.841	0.856	0.884	0.902	17	0.51	0.31	0.44	0.791	12
South Korea	0.731	0.820	0.889	0.901	18	1.15	0.76	0.77	0.753	16
SE Asia										
Indonesia	0.528	0.664	0.662	0.689	113	1.36	0.92	0.78	0.563	18
Malaysia	0.643	0.725	0.774	0.789	59	1.20	0.67	0.39	n/a	n/
Philippines	0.586	0.622	0.669	0.682	116	0.60	0.72	0.39	0.556	18
Thailand	0.574	0.649	0.724	0.740	87	1.25	1.03	0.56	0.586	20
Vietnam	0.477	0.576	0.655	0.683	115	1.92	1.29	0.85	0.562	17

Sources: UNDP, ***Human Development Rep***orts (various years)

Note: Human Development Index (HDI) is a composite index of 3 indicators that capture three elements of human development according to UNDP. These three elements are (1) longevity as measured by life expectancy at birth; (2) knowledge as measured by years of schooling; and (3) economic well-being as measured by gross national income per capita. It ranges from 0, the lowest level of human development, to 1, the highest level of human development.

Inequality-Adjusted HDI (IHDI) is a further refinement of HDI by taking into account the distributive effects of inequalities that change the size of original HDI.

Table 2: Global Competitiveness Index (GCI) of Selected East and Southeast Asian Countries

Country	Year							
	2007		2010-2011		2016-2017		2017-2018	
	Score	Rank	Score	Rank	Score	Rank	Score	Rank
East Asia								
China	4.17	34	4.84	27	4.95	28	5.00	27
Japan	5.43	8	5.37	6	5.48	8	5.49	9
South Korea	5.40	11	4.93	22	5.03	26	5.07	26
Southeast Asia								
Indonesia	4.24	54	4.43	44	4.52	41	4.68	36
Malaysia	5.10	21	4.88	26	5.16	25	5.17	23
Philippines	3.94	71	3.96	85	4.36	57	4.35	56
Thailand	4.70	28	4.51	38	4.64	34	4.72	32
Vietnam	4.04	68	4.27	59	4.31	60	4.36	55
No. of countries		131		139		137		137

Sources: World Economic Forum (WEF), ***Global Competitiveness Reports***, various years.

Note: Global Competitiveness Index (GCI) is a composite index computed from a set of 12 conditions or 'pillars' that portray the competitive characters of a country. These 12 pillars include (1) institutions, (2) appropriate infrastructure; (3) a stable macroeconomic framework; (4) good health and primary education; (5) higher education and training; (6) efficient goods markets; (7) efficient labour markets; (8) developed financial markets; (9) the ability to harness the benefits of existing technologies; (10) market size both domestic and international; (11) production of new and different goods using the most sophisticated production processes; and (12) innovation. This GCI, therefore, measures the ability of countries to provide high levels of prosperity to their citizens. It ranges between 0, the lowest level of competitiveness, to 1, the highest level of competitiveness (or highest level of prosperity).

Table 3: Corruption Perception Index of Selected East and Southeast Asian Countries

Country										
	2006	2007	2008	2009	2010	2011	2012	2013	2014	20
Score										
East Asia										
China	3.3	3.5	3.6	3.6	3.5	3.6	39	40	36	3
Japan	7.6	7.5	7.3	7.7	7.8	8.0	74	74	76	7
South Korea	5.1	5.1	5.6	5.5	5.4	5.4	56	55	55	5
SE Asia										
Indonesia	2.4	2.3	2.6	2.8	2.8	3.0	32	32	34	3
Malaysia	5.0	5.1	5.1	4.5	4.4	4.3	49	50	52	5
Philippines	2.5	2.5	2.3	2.4	2.4	2.6	34	36	38	3
Thailand	3.6	3.3	3.5	3.4	3.5	3.4	37	35	38	3
Vietnam	2.6	2.6	2.7	2.7	2.7	2.9	31	31	31	3
Rank										
East Asia										
China	70	72	72	79	78	75	80	80	100	8
Japan	17	17	18	17	17	14	17	18	15	1
South Korea	42	43	40	39	39	43	45	46	43	4
Southeast Asia										
Indonesia	130	143	126	111	110	100	118	114	107	8
Malaysia	44	43	47	56	56	60	54	53	50	5
Philippines	121	131	141	138	134	129	105	94	85	9
Thailand	63	84	80	84	78	80	88	102	85	1
Vietnam	111	123	121	120	116	112	123	116	119	1

Source: Transparency International (TI), ***Corruption Perception Index (CPI)*** (various years).

Table 4: Control of Corruption Index in Worldwide Governance Indicators of Selected East and Southeast Asian Countries

Country										
	2006	2007	2008	2009	2010	2011	2012	2013	2014	20
Score										
East Asia										
China	-0.57	-0.59	-0.54	-0.54	-0.60	-0.55	-0.48	-0.35	-0.34	-0
Japan	+1.32	+1.21	+1.31	+1.37	+1.57	+1.57	+1.61	+1.65	+1.69	+1
South Korea	+0.28	+0.52	+0.37	+0.48	+0.40	+0.46	+0.47	+0.55	+0.55	+0
SE Asia										
Indonesia	-0.81	-0.58	-0.56	-0.82	-0.75	-0.68	-0.66	-0.62	-0.56	-0
Malaysia	+0.25	+0.28	+0.02	-0.03	+0.13	+0.05	+0.30	+0.41	+0.41	+0
Philippines	-0.81	-0.70	-0.75	-0.77	-0.80	-0.70	-0.58	-0.40	-0.44	-0
Thailand	-0.34	-0.36	-0.42	-0.28	-0.32	-0.29	-0.34	-0.33	-0.45	-0
Vietnam	-0.74	-0.64	-0.73	-0.53	-0.63	-0.61	-0.56	-0.53	-0.44	-0

Source: World Bank ***Worldwide Governance Indicators*** (various years).

Table 5: Index of Democracy of Selected East and Southeast Asian Countries

Country	Type of Democracy	Rank	Score	Characteristics				
				I	II	III	IV	V
2007								
East Asia								
China	Authoritarian regime	138	2.97	0.00	4.64	2.78	6.25	1.18
Japan	Full democracy	20	8.15	9.17	7.86	5.56	8.75	9.41
South Korea	Flawed democracy	31	7.88	9.58	7.14	7.22	7.50	7.94
Southeast Asia								
Indonesia	Flawed democracy	65	6.41	6.92	7.14	5.00	6.25	6.76
Malaysia	Flawed democracy	81	5.98	6.08	5.71	4.44	7.50	6.18
Philippines	Flawed democracy	63	6.48	9.17	5.36	5.00	3.75	9.12
Thailand	Hybrid regime	90	5.67	4.83	6.43	5.00	5.63	6.47
Vietnam	Authoritarian regime	145	2.75	0.83	4.29	2.78	4.38	1.47
		(167)						
2016								
East Asia								
China	Authoritarian regime	136	3.14	0.00	4.64	3.33	6.25	1.49
Japan	Flawed democracy	20	7.99	8.75	8.25	6.67	7.56	8.82
South Korea	Flawed democracy	25	7.92	9.17	7.50	7.72	7.50	8.24
Southeast Asia								
Indonesia	Flawed democracy	48	6.97	7.75	7.14	6.67	6.25	7.06
Malaysia	Flawed democracy	65	6.54	6.92	7.86	6.11	6.25	5.59
Philippines	Flawed democracy	50	6.94	9.17	5.71	7.24	4.38	8.24
Thailand	Hybrid regime	100	4.92	4.50	3.93	5.00	5.00	6.18
Vietnam	Authoritarian	131	3.38	0.0	3.2	3.6	6.8	2.9

	regime			0	1	9	8	4

Source: The Economist Intelligence Unit (EIU), ***Index of Democracy*** (various years).

Note: The five characteristics of democracy are: (I) electoral process and pluralism; (II) functioning of the government; (III) political participation; (4) political culture; (5) civil liberties.

Table 6: Freedom in the World Index of Selected East and Southeast Asian Countries

Country	PR	CL	Aggregate Score	Freedom status	Freedom of the press
East Asia					
China	7	6	15	Not Free	Not Free
Japan	1	1	96	Free	Free
South Korea	2	2	82	Free	Party free
Southeast Asia					
Indonesia	2	4	65	Partly free	Partly free
Malaysia	4	4	44	Partly free	Not free
Philippines	3	3	63	Partly free	Partly free
Thailand	6	5	32	Not free	Not free
Vietnam	7	5	20	Not free	Not free

Source: Freedom House Organisation, ***Freedom in the World 2017***.

Table 7: Rule of Law Index of Selected East and Southeast Asian Countries

Country	2015		2016	
	Score	Rank	Score	Rank
East Asia				
China	0.48	71	0.48	80
Japan	0.78	13	0.78	15
South Korea	0.79	11	0.73	19
Southeast Asia				
Indonesia	0.52	52	0.52	61
Malaysia	0.57	39	0.54	56
Philippines	0.53	51	0.51	70
Thailand	0.52	56	0.51	64
Vietnam	0.50	64	0.51	67

Source: World Justice Project, ***Rule of Law Index (2015 and 2016)***

Table 8: Factors Determining Rule of Law Index of Selected East Asia and Southeast Asian Countries (2016)

Factor	China		Japan		South Korea		Indonesia		Malaysia		Philippines	
	Score	Rank	Score	Rank	Score	Rank	Score	Rank	Score	Rank	Score	R
1. Constraints on government powers	0.38	104	0.74	21	0.68	27	0.64	33	0.50	78	0.59	5
2. Absence of corruption	0.52	52	0.83	13	0.65	35	0.38	84	0.61	39	0.48	5
3. Open government	0.44	89	0.68	21	0.68	22	0.58	37	0.35	105	0.51	6
4. Fundamental rights	0.32	108	0.75	23	0.70	32	0.52	74	0.44	98	0.50	8
5. Order and security	0.76	41	0.90	9	0.83	23	0.73	55	0.82	26	0.67	7
6. Regulatory enforcement	0.45	80	0.82	10	0.75	17	0.51	53	0.47	74	0.51	5
7. Civil justice	0.52	62	0.82	6	0.81	8	0.43	92	0.56	49	0.45	8
8. Criminal justice	0.47	55	0.68	21	0.71	17	0.38	80	0.56	41	0.36	8

Source: The World Justice Project—***Rule of Law Index, 2012-2013, 2016***,